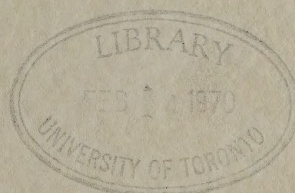




Ontario. Legislative assembly. Committees 7  
Select committee on consumer credit  
Hearings

SELECT COMMITTEE ON CONSUMER CREDIT

Proceedings of the hearing  
held at the Parliament Build-  
ings, Toronto, Ontario on the  
12th day of August, 1963.



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COMMISSION :


Mr. H. J. Price	--	Chairman
Mr. J. Sedgwick, Q.C.	---	Commission Counsel
Mrs. S. Dell	--	Secretary

P R E S E N T :

Mr. D. W. Irwin, C.A.	--	Financial Consultant
Mr. M. Belanger	--	Member
Mr. P. Hoffman	--	Member
Mr. W. G. Noden	--	Member
Mr. L. Letherby	--	Member
Mr. L. Reilly	--	Member
Mr. J. White	--	Member
Mr. D. C. MacDonald	--	Member
Mr. G. Bukator	--	Member
Mr. A. F. Lawrence	--	Member

A P P E A R A N C E S :

Mr. H. Shannon	--	Secretary, R.C.A.F. Benevo- lent Fund.
Mr. J. E. Fortin	--	Sectetary- Treasurer, Dominion Mortgage & Investment Association



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1 ---ON COMMENCING AT 2:00 P.M., AUGUST 12th, 1963.

2  
3 THE CHAIRMAN: Gentlemen, welcome back  
4 to the Consumer Credit Committee. I hope you enjoyed  
5 the last two weeks you had off. You were pretty busy  
6 prior to our recessing.

7 Now, this afternoon we are going to hear  
8 from Mr. H. Shannon. Mr. Shannon is the Secretary of  
9 the R.C.A.F. Benevolent Fund. He's had a wealth of  
10 experience in matters relating to consumer credit,  
11 keeping people out of trouble and probably helping  
12 people who have gotten themselves into trouble with  
13 credit matters. We are very pleased that Mr. Shannon  
14 is here with us today and I would ask him to come  
15 forward and give us the benefit of his experience in  
16 this field.

17 MR. SHANNON: Thank you Mr. Price.

18 Mr. Chairman and members of the Select  
19 Committee, obviously I'm a little -- I've a little  
20 trepidation about appearing before such an august  
21 body but I hope you will bear with me. I'll make my  
22 remarks brief. You'll find that maybe in some cases I'm  
23 bringing coals from Newcastle but it's all in the  
24 interest of prespective. I'll make no apologies for  
25 keeping to my script and I'll commence now.

26 THE CHAIRMAN: Mr. Shannon, would you  
27 speak up a little bit louder?

28 MR. SHANNON: A little louder?

29 THE CHAIRMAN: Put your mike up a bit  
30 closer? Thank you.







1 MR. SHANNON: How's that?

2 THE CHAIRMAN: Fine.

3 MR. SHANNON: As the Ontario Secretary  
4 of the Royal Canadian Air Force Benevolent Fund, my  
5 full time duty is dealing directly on behalf of our  
6 Committees with ex-Service personnel and/or their  
7 dependents who are in distress for various reasons.

8 The purpose and Terms of Reference of the  
9 RCAF Benevolent Fund is stated in its Charter as follows,  
10 and I quote: "In memory of those who did not return,  
11 and in Service to those who did. To relieve distress  
12 and promote the well being of Members and former  
13 Members of the Royal Canadian Air Force, or of their  
14 dependents", end of quote.

15 The original concept of the Fund's purpose  
16 was to aid those in distress through circumstances  
17 completely beyond the anticipation or control of the  
18 individual. It is now more than 23 years since the  
19 beginning of World War 11. As time, age and death take  
20 their toll, we are receiving more applications from  
21 widows with families, the critically ill, the medically  
22 unemployable and the like. Such applications will  
23 increase as the future unfolds. Statistics prove that  
24 we men do not live as long as our wives. That's another  
25 reason why we will receive more applications from widows.

26 Twelve years ago, slightly less than  
27 15 percent of our applications were from those in  
28 distress for no other reason than the excessive and  
29 unwise use of credit. Today, however, more than 30  
30 percent of our applications are in this category, and







1 the percentage is rising. All other social service  
2 agencies report the same trend, and it is causing them  
3 and ourselves real concern. Now, gentlemen, it is  
4 about this particular group specifically that I am  
5 directing my remarks today. That is, the group of  
6 people in this country who are using credit unwisely  
7 or excessively. So bear that in mind as we go along.  
8 Incidentally, if you can't hear me be sure and tell me.

9 Up to now, the subject of Consumer Debt  
10 has for the most part been reserved for the opinion of  
11 economists and other experts of recognized academic  
12 standing. Since I am not one of these, my remarks are  
13 based upon years of contact, about 30 years by the  
14 way, with those working men and their families who have  
15 fallen into distress for various reasons.

16 No one will argue that our economic  
17 system is based upon credit and, in my view, credit  
18 buying is here to stay. But we are concerned, however,  
19 with the reckless and unwise use of credit by a growing  
20 percentage of borrowers, and the reckless and unwise  
21 extension of credit by an increasing number of organ-  
22 ized lenders in the field of consumer credit.

23 During the last fifteen years, a new  
24 philosophy of living has evolved which, in the future,  
25 could well be remembered as the "BUY NOW AND PAY LATER"  
26 Age.

27 There are two extremes, however, which  
28 are poles apart in the application of credit and these  
29 extremes are best exemplified by the following two  
30 stories.





1 1. A man had a large first mortgage against his home.  
2 He then obtained a second mortgage to buy a new car.  
3 Then he sought out a loan broker to borrow money on the  
4 car so he could build a garage.

5 "If I do make the loan", asked the broker,  
6 "how will you buy the gas for the car?" "It seems to me",  
7 replied the man with some dignity, "that a fellow who  
8 owns his home, his car and a garage, should be able to  
9 get credit to buy gas." (Laughter)

10 Incidentally, this is not a facetious  
11 story. This happens.

12 Now the second one is a little extreme,  
13 but is exemplified by this verse:

14 "The bride, white of hair, is stooped  
15 over her cane,

16 Her footsteps, uncertain need guiding,  
17 While down the church aisle, with a wan,  
18 toothless smile,

19 The groom in a wheel chair comes riding.

20 "Now, who is this elderly couple, just  
21 wed?

22 You'll find, if you further explore it,  
23 That they are this rare, most remarkable  
24 pair,

25 Who waited till they could afford it."

26 Well, both of these extremes -- these  
27 examples are extremes -- but there is a middle, sensible  
28 road which neither of them have taken. At the risk  
29 of being a bit tiresome I have decided to present some  
30 background in the interest of perspective.







1                   For instance, in the days of the pioneers  
2 on this continent, money as such was relatively scarce.  
3 In those days there was much exchange of goods and  
4 labour; people swapped home-grown eggs for home-made  
5 butter; harvest labour might be exchanged for winter  
6 firewood and there were "beef rings" galore where  
7 neighbours - each in turn - supplied an animal to be  
8 slaughtered, and divided it up. If Mother fell ill,  
9 the neighbour ladies took over and the parson was often  
10 partly paid in goods and services. There were other  
11 bees - haying, quilting, husking, threshing, barn-  
12 raising, apple picking, road building, and many more.  
13 But the point was that no money changed hands here.  
14 Nothing was borrowed cashwise and so no one's future  
15 was mortgaged.

16                   It was largely a barter and exchange econ-  
17 omy. Ultimately, of course, all this changed because  
18 real money became necessary as the industrialization of  
19 this North American continent proceeded.

20                   But the most radical change in family  
21 financing occurred after World War 11 and the causes  
22 were many - earlier marriages, shorter work week, more  
23 leisure, availability of consumer goods in abundance,  
24 the impact of new and clever advertising techniques.  
25 For example, radio and T.V. have changed the nature of  
26 family entertainment as well as family buying habits.

27                   As a result I can speak -- I know I can --  
28 for all Social Service Agencies -- workers -- to say  
29 that we are all being asked more and more and more to  
30 assist families in dire trouble, real trouble, for no







1 other reason than the excessive and unwise use of credit,  
2 which is now so easy to obtain by any one of us here.

3 This excessive, shocking and reckless  
4 indulgence in easy credit has wrecked, and continues to  
5 wreck families, just as surely as bombs ruined lovely  
6 English villages in the British countryside in World  
7 War 11.

8 Our Grandfathers, particularly those of  
9 us who have Presbyterian, Scottish Grandfathers, pounded  
10 home to us kids that Thrift, and Cleanliness, were akin  
11 to Godliness. Over-spending was to them a mortal sin.

12 What has happened to that old-fashioned  
13 nonsense about freedom from excessive debt, or Thrift  
14 as it was then called? Living within one's means is  
15 another way of saying it.

16 Well, gentlemen, plenty has happened. In  
17 less than a generation we are now being told the direct  
18 opposite. Today, all kinds of highly intelligent  
19 people -- in fact, highly intelligent Brain Trusts, by  
20 every means of communication known to man -- radio, T.V.,  
21 newspapers, hand-bills, catalogues, telephone colici-  
22 tations, door-to-door contacts, billboard, and Heaven  
23 knows how much more -- tell all of us this:

- 24 1. Buy now - Pay later
- 25 2. Better still -- no down payment at all.
- 26 3. A dollar down, a dollar a week.
- 27 4. Cash? Just say the word.
- 28 5. Travel now -- Pay later.
- 29 6. It's Summer-money time. Be sure and borrow for your  
30 vacation.





7. Borrow to pay your debts -- wither it's called a Bill-Payer loan - Payment-reducer loan - or Consolidation loan - the fact remains people pay through the nose, no question about it. It's a stark, cold fact that no man has ever yet contrived to borrow himself out of debt.

8. Credit and Charge Cards. The country is lousy with them. I have five -- I've never asked for one.

Incidentally I'd just like to digress here for a moment. I got this through the mail at my home -- if I have it. No, I guess I didn't bring it. Oh, here it is. I'll leave it till later.

9. Bonus Mortgage Deals. Well, these hearings have been exposed to this already and you could write a book about it so I won't touch on it.

10. Borrow for your Christmas presents.

11. Order your prefab, summer cottage now, no payment until next Spring and then only \$36.00 per month.

Incidentally, just for fun I checked on one of these last Fall and the cottage was a nice prefab worth \$1695.00 but if you bought it now you get a cut of \$200.00, so the price was \$1495.00 and no down payment until the Spring and then \$36.00 a month. Well, I went into it. Do you know how much you pay for that in the end? \$3,024.00. I mean loaning money is pretty lucrative on that basis.

A SPEAKER: Did you figure the interest?

MR. SHANNON: No I didn't, but I know this much -- that you got a cut of 1495 and you eventually paid 3,024; well I didn't even bother.

I note that radio advertising offers easy







1 credit to those under 21. Now I don't know the  
2 legalities of this but it is a fact that teen credit  
3 clubs are now well organized in the United States and  
4 I believe there are attempts to bring them here.  
5 Recently an attempt was made to have panels enter  
6 our High Schools -- in fact one Panel did get it -- to  
7 explain the "Philosophy of Credit" to the students.  
8 Now, these panels were composed of, solely of Credit  
9 Grantors, and they were there for no other purpose than  
10 to sell a product. This attempt was stopped dead by  
11 the Minister of Education. God Bless Him!

12 Interest rates on the things we have  
13 just spoken about run from 12%, 17%, 24%, 36% and  
14 higher rates.

15 Over the years I have slowly formed the  
16 conviction that alcoholism and financial irresponsibility  
17 are close cousins on the same family tree. To coin a  
18 word, I suppose we could call the one "Financialolic",  
19 because we do call the other an alcoholic.

20 It certainly seems -- there is enough  
21 evidence, I think, -- it is obvious that an increasing  
22 number of people, working people, average citizens --  
23 and I consider myself in that class -- are losing the  
24 knack of living within their means. Wants have grown  
25 into needs. Vance Packard, author of the best seller  
26 "Hidden Persuaders" states that a continent-wide survey  
27 discloses that there is a daily barrage -- daily barrage  
28 -- of 1518 selling messages beamed at all of us on this  
29 continent today.

30 I have found from my experience that







1 there is no rule of thumb as to the kind or type of  
2 people who become mired in a quagmire of easy credit  
3 debt. We've had PhD's, we've had truck drivers, we've  
4 had school teachers. There is no rule of thumb. But --  
5 and here is one of the key points, -- no business  
6 enterprise of any consequence could stay in business  
7 one year without some system of keeping accounts.  
8 Generally speaking I think families today have not yet  
9 learned that in this complicated economy in which we  
10 live we, too, must do the same thing in order that  
11 income can serve in a sensible way. This is just plain  
12 "cents and common sense."

13                   It can be proven time and time again  
14 that excessive debt leads to litigation and garnishees -  
15 garnishees lead to lost jobs - lost jobs lead to  
16 Municipal Welfare and Municipal Welfare means the  
17 Tax Payer pays, and pays and pays.

18                   Now, about family budgeting. I have a  
19 simple budget form here which is evolved through 18-20  
20 years of our Fund's experience. I didn't invent it, but  
21 if I had of I would be quite proud of it. Incidentally,  
22 I'm an old banker and not completely immune from figures.  
23 It's a simple form. On the front we have vital statistics  
24 and their own estimate of their assets. On the back  
25 there is the creditors -- list them, whoever the  
26 creditor is, why the loan was obtained, the date incurred,  
27 the original amount, the promised monthly repayment rate,  
28 and the balance owing. And below that we have the  
29 monthly gross income from all sources, including family  
30 allowances. And the other side is simple -- you list





1 the food, rent, mortgage payments (or the equivalent of  
2 rent), taxes, clothing, life insurance, hydro, fuel,  
3 (average monthly for the normal year), income tax,  
4 miscellaneous pay-roll deductions, pension fund and so  
5 on. You know the pension fund will be 6%. And medical  
6 and hospital coverage and then sundries. Well, with a  
7 little experience a person can easily work out the  
8 sundries, you see. So, we have a simple form -- gross  
9 income for the month, total expenses for the month and  
10 the difference, obviously, between those two is the  
11 surplus you have with which to meet other obligations.

12 Now we in the Benevolent Fund approach  
13 every application for assistance from this basis. And  
14 we never fill this form out in the first instance. First  
15 of all, it takes a lot of clerical time. It used to be  
16 done. But we hand it to the applicant, have he and his  
17 wife fill it out and then bring it back. Well, if you  
18 have a man and his wife and one child and he says his  
19 food costs him \$200.00 a month you know there is  
20 something wrong right there. Furthermore it does give  
21 you the first clues as to the kind of people you are  
22 dealing with. Can they fill out a simple form, line and  
23 verse?-- do they know what a budget is? Have they any  
24 idea of their food costs, and so on. Well you can  
25 correct it and show them where they stand and some of  
26 them nearly have heartfailure when they find out where  
27 they really do stand. I've had them say that.

28 In view of the trend today I personally  
29 am of the firm conviction that Credit Grantors will  
30







1 sooner or later have to adopt such an approach to the  
2 extension of credit -- that is, if they wish to avoid  
3 so many losses as well as protect the taxpayer's pocket,  
4 in the long run, if they are interested.

5 Another point; there is a type of  
6 Collector today who will use every means he can think  
7 of in the book and out of it to mark "Paid" on a  
8 delinquent account. The paraphernalia of debt  
9 collection in this country is big business. In Ontario  
10 alone 134 collection agencies last year -- now, I'm  
11 speaking of agencies with all their staffs, not including  
12 the private lawyer or the department store who has a  
13 collection department, not including that -- 134  
14 collection agencies garnered more than 15 Million dollars  
15 from those who could not, or would not, or for other  
16 reasons, did not pay their debts last year. For  
17 example, in the last four years, the last five years,  
18 the number of private bailiffs in this City has more  
19 than doubled.

20 When we consider that Canadians are in  
21 hock for consumer goods in excess of \$4 Billion (one  
22 paper claims it is \$5 Billion) it is small wonder that  
23 debt collection is big business in this country now.  
24 There are heads of families today who cannot hold jobs  
25 because of garnishee of wages. This can be proven.

26 Well, when we figure there are 18 Million-  
27 odd people in this country with about 4 Million family  
28 heads and you take a minimum of  $4\frac{1}{2}$  Billion dollars and  
29 divide that among them, this is a thumping bunch of  
30 consumer debt.





1 Now, there are two basic responsibilities  
2 in the extension of credit by the Grantor, and the  
3 receipt of credit by the Borrower, I feel. The one  
4 is the ability and the intention of the Borrower to  
5 pay it and the other is the responsibility of the Loaner  
6 or the Grantor to satisfy himself of the ability and  
7 the intention of the Borrower to pay.

8 Since the organized Loaner today has all  
9 the legal know-how, and access to all the sources to  
10 check on the Borrower's ability and intention to repay,  
11 the onus falls squarely on the shoulders of the Loaner  
12 or Grantor to do this.

13 It is becoming amply evident, in many  
14 cases of family distress, that Loaners and Credit  
15 Grantors are falling dismally short in this important  
16 aspect. As a result, credit is extended to people who  
17 should never have had a nickel's credit in the first  
18 place. It's a disservice to them.

19 One question which bothers me personally  
20 more than some is this: Are Loaners and Credit Grantors  
21 now working on the principle that the granting of  
22 indiscriminate volume credit is on the basis of "What  
23 is lost on the peas will be gained on the potatoes"?

24 If this is so, believe me I think we  
25 are in trouble ahead. I believe that if ever there was  
26 a time when factual, practical and honest thinking is  
27 required on both sides of the credit fence, that time  
28 is now. I may bore you with this, but I'm going to  
29 quote it anyway. In a recent article in the Christian  
30 Science Monitor, the Head of the Internal Revenue







1 Service for the U.S.A. is quoted as follows:

2 "We are witnessing what seems to be an  
3 erosion of ethics and morality in North American life  
4 which, if unchecked, cannot help but damage all our  
5 institutions, public and private -- not the least of  
6 which, of course, is the garnering of income tax."

7 He cites the evidence of corruption in  
8 local Governments, in certain labour unions, kickbacks  
9 and payola in the business world, expense account  
10 abuses, fraud of revenue laws, and bribing of college  
11 athletes.

12 He is genuinely concerned as to whether  
13 those signs are symptomatic of a general lowering of  
14 morality, ethics and decency, throughout large segments  
15 of our North American society.

16 He has just brought in a consultant on  
17 ethics to do precisely this -- an expert who, in  
18 industry, would be called a management consultant.

19 His job will be to translate the subject  
20 of ethics into everyday terms and experiences, to  
21 tell us how to bring the concept of ethics and integrity  
22 into everything we do.

23 A Social Service Agency in Toronto took a  
24 sample analysis of 406 families, average people, where  
25 there were 3 or more children. All of these were in  
26 deep trouble due to excessive debt and for no other  
27 reason -- not caused by unforeseen circumstances. The  
28 consumer debt for this group totalled \$876 Thousand  
29 not including mortgages. Incidentally, a strange thing  
30 came out of that analysis. The question was asked in





1 each case: "By the way, what church do you attend, if  
2 you go to church?" Do you know how many of these 406  
3 attended a church regularly and contributed to its  
4 support -- the church of their choice? Two.

5 A very good friend of mine, who is a  
6 Roman Catholic priest -- we were overseas together. I  
7 don't happen to be of the faith but I mentioned this to  
8 Father \_\_\_\_\_ and I said, "What's the relationship  
9 Father?" He said, "Harry, it's very simple. It just  
10 means that people who do attend church regularly don't  
11 have to come to guys like you." And it is that simple.

12 Now, the February issue -- I'm going to  
13 quote again -- of "The Collector", a magazine issued by  
14 the American Collectors Association -- now, all they do  
15 is collect bills that can't be collected otherwise --  
16 and have a terrific coverage on this pamphlet The Col-  
17 lector -- it goes all over the United States. We get  
18 it here, some of us.

19 In the February issue they are greatly  
20 alarmed by the fantastic increase in personal assign-  
21 ments in bankruptcy. Their feature article states that  
22 a study made by the American Bar Association lists nine  
23 principal reasons for the sharp increase in personal  
24 bankruptcies. Among these reasons at the top are the  
25 following - very significant, I think:

- 26 1. Deterioration in moral values and attitudes of  
27 society as a whole.
- 28 2. Irresponsible and careless extension of credit.
- 29 3. Extravagance and mismanagement on the part of credit  
30 purchasers.







1 4. Unexpected contingencies. Well, that's illness, I  
2 suppose, and things like that.

3 "The Collector" winds up its forthright  
4 article as follows - and I quote:

5 "Let's be skillful, professional exponents  
6 of our trade. Let's be Big League, not bush league.

7 The candidate for personal bankruptcy that reaches our  
8 attention cannot avert this financial mirage alone.

9 Some debtors wish to pay but can't; others probably can  
10 pay but do not want to. We must recognize the difference  
11 and proceed accordingly." This is the key line as far as  
12 I'm concerned. You do not pursue an honest but naive  
13 man with a family into his grave by garnisheeing him  
14 out of his job. Then they go on:

15 "Irresponsible pressure tactics, strong-  
16 arm methods and boiler room operations in our offices  
17 will contribute greatly in making 1963 another banner  
18 year for the Bankruptcy Courts. Eventually"-- and this  
19 is what they said -- "this will lead to anticredit ex-  
20 tension legislation and redemption legislation which will  
21 destroy us."

22 Getting away from that. I was reading  
23 a book titled "The Conquest of Civilization" by James  
24 Henry Breasted, Ph.D., LL.D., D.LITT., Oxon, and in the  
25 chapter headed "Rise of the Democracy", I came across a  
26 sketch on page 303 of the "Ruins of the Ancient Courthouse  
27 of Gortyna, in Crete, and the Early Greek Code of Laws  
28 Engraved on its Walls". Underneath the sketch is the  
29 following statement:

30 "This hall, dating back from the sixth





1 century B.C., -- in other words 2500 years ago -- was  
2 a circular building about 140 feet across, which served  
3 as a Courthouse. If any citizen found himself unjustly  
4 treated, he could appeal to the great code ingraved in  
5 twelve columns on the inside of the stone wall of the  
6 building. It covers the curved surface of the wall for  
7 about 30 feet, but extends only as high as would permit  
8 it to be read easily, while standing. It forms the  
9 longest Greek inscription now surviving. This code --  
10 this is under it -- This code shows a growing sense of  
11 justice towrd a debtor and forbids a creditor to seize a  
12 debtor's tools or furniture for debt."

13                   When I read that I realized we have not  
14 come far in 2500 years in this respect. Now, I refer  
15 here to the rights of seizure of household effects under  
16 blanket chattel mortgage security. The threat of  
17 seizure of household effects is a vicious weapon in the  
18 hands of many collectors. I've seen it used to obtain  
19 money which should have gone for rent, for fuel, for  
20 food, for clothing. The Gas Company shut off their heat  
21 because they haven't paid their gas bill, this threat  
22 of seizure. Not so much that it's used, but the threat  
23 of it. "I'll back up a truck and take your furniture  
24 away if you don't pay \$20.00 by eight o'clock tonight".  
25 Of course, citizens don't know their rights but, however  
26 -- this threat of seizure of household effects has  
27 obtained family allowance money and municipal welfare  
28 money from parents with large families.

29                   The Credit Statistics for April, 1963,  
30 supplied by the Dominion Bureau of Statistics in Ottawa







1 shows that Canadians are growing deeper in hock each year.  
2 In 1955 Consumer Debt -- for a restricted group, that is,  
3 goods from Department and Appliance Stores, Cash Loans  
4 and Instalment Credit from Small Loan Companies, was  
5 \$1,279,000,000.00. By the end of last April this  
6 particular group was \$2,073,000,000.00. But this is not  
7 the full story. The total debt as of April, 1963 with  
8 finance companies, department stores, furniture and  
9 appliance stores, together with personal loans through  
10 chartered banks, amounted to the fantastic figure of  
11 \$4,314,000,000.00 as against \$3,452,000,000.00 one year  
12 previously. But these are minimum figures because the  
13 Dominion Bureau report states as follows, and I quote:

14 "No absolute total of Consumer Debt is  
15 available. For certain purposes, fully secured loans  
16 granted by banks and life insurance companies may not be  
17 considered as outright indebtedness. On the other hand,  
18 certain avenues of credit are not surveyed, i.e.,  
19 service credit, which includes doctors, dentists,  
20 utility companies -- which could be heating, you see --  
21 hotels -- this could be the famous word, credit card --  
22 and the like, and loans between individuals." So,  
23 where do we go? Four billion five hundred million or  
24 is it six? Nobody knows.

25 Now, I'd like to recite a few case  
26 histories which are not at all unusual, believe me.  
27 I am dead sure -- I'm certain -- that these can be  
28 duplicated many, many times by other Social Service  
29 Agencies across our country or by Municipal Welfare  
30 Offices if they have a common system of accepting





1 applications for welfare.

2 Case A: A working man laid off during a cutback in  
3 production took a look at his finances recently to see  
4 how he might weather what looked like a long spell of  
5 unemployment. He discovered he was \$3,324.00 in debt  
6 to nine creditors. He had five children.

7 Case B: A truck driver with nine children and a weekly  
8 paycheque of \$76.00 didn't realize just how much he  
9 owed until he was fired. The reason? A garnishee from  
10 one of his eight creditors had been filed with his  
11 firm. Eight creditors, nine children. After a little  
12 calculation that night at the kitchen table, the driver  
13 and his wife found they were \$1,587.00 in the hole.

14 Case C: A man and his wife with four children to  
15 support on \$384.00 a month had a nervous breakdown and  
16 was admitted to hospital twice. After a prolonged  
17 period of pursuit from bill collectors and bailiffs  
18 the wife was under psychiatric treatment and small  
19 wonder. They owed \$5,235.00 to 18 creditors.

20 Case D: Another man and his wife with four children  
21 owed eleven creditors a total of \$11,379.12. Now in  
22 the odd one here there are residual mortgage balances,  
23 but not that much.

24 Case E: Another chap on nominal wages, with a wife  
25 and three children owed 17 creditors a total of  
26 \$15,004.50.

27 Case F: A man and wife with two children owed 24  
28 creditors \$9,350.94.

29 Case G: Another chap with four children and a wife  
30 owed 22 creditors a total of \$7,075.35.







1 Case H: Another working man with a wife and five children  
2 under 10, owed 36 creditors \$2,516.31.

3 Case I: Another couple with 8 children under 15 owed  
4 15 creditors \$3,007.88.

5 Case J: Another man with 5 children under 9 owed 21  
6 creditors \$3,509.71. These are just ten.

7 Now, the ten cases just recited involve  
8 20 adults - parents - and 49 children, 181 creditors  
9 -- now there may be some duplications in there, of  
10 course -- and a total debt of \$61,986.00.

11 It is worthy of note that the parents  
12 of all these are comparatively young, ranging in age  
13 from 32 to 45 years of age. In other words they have  
14 grown up in their adult life in this new era of Buy Now  
15 and Pay Later.

16 Now, ladies and gentlemen, the anguish  
17 and suffering of these parents and the children involved  
18 is beyond conception. All of them, all the cases, have  
19 been, however, resolved in one way or another; some by  
20 Court Consolidation Orders; some by informal proposals  
21 on pro rata payments; others by in-laws coming to the  
22 rescue and others by application making a personal  
23 assignment in bankruptcy and of course others by just  
24 straight write-off of debt.

25 None of these people had any idea what-  
26 soever of the amount they were paying on carrying  
27 charges for the privilege of mortgaging their futures  
28 and going into debt beyond all redemption. I would  
29 like to stress here that not all of these cases are  
30 veterans. Obviously word of mouth information does get





1 around, and I have been called in personally by  
2 Ministers and Priests, and various local organizations  
3 around my home and across the city, to assist with many  
4 non-veteran cases.

5 I must confess that I can't turn anybody  
6 down even though it isn't within my normal terms of  
7 reference because they challenge me, simply because  
8 little children are involved. It is not their fault --  
9 that is, the kiddies -- if their parents are either  
10 naive or gullible or even outright dishonest. I am  
11 convinced, however, that there was no fundamental  
12 dishonesty in the ten cases I have just recited -- in  
13 the beginning anyway.

14 Each case took hours of blood, sweat  
15 and tears, involving negotiations with creditors, ad  
16 infinitum, ad nauseam. It's tough work.

17 From personal experience, I know of a  
18 suicide because of mountainous debt. Another man made  
19 an appointment with me to discuss his debt problem. He  
20 walked through the door of my office, sat down, and  
21 before a word had been spoken, died before my eyes.  
22 I didn't get over that for months. A Clergyman close  
23 to the family told me later that he was personally con-  
24 vinced that debt worry brought on the fatal seizure.

25 I know two other men and they appeared  
26 on T.V. Christy came to me in 1959 and asked if I  
27 knew of some cases that might be of interest. I asked  
28 these two chaps if they would mind appearing in  
29 silhouette and they didn't. Both of them told Gil  
30 Christy that they each contemplated suicide and they







1 are fathers of large families. Now, they didn't tell  
2 me this -- well, one did but I didn't put much stock in  
3 it, but they were serious about it.

4               You will note that I have not really  
5 touched on interest rates, simply because you are well  
6 into this aspect now in these hearings, and I am sure  
7 that you will get more shattering information as time  
8 goes on. I personally have long since given up trying  
9 to figure out accurate percentages in individual cases  
10 of personal debt. What with renewal charges, service  
11 charges, interest, legal fees, and Heaven knows what else,  
12 it baffles the debtor for sure -- that is if he ever  
13 stops to think about carrying charges at all. But I  
14 must confess that I obtained some comfort about my  
15 mathematical stupidity in this respect when I read an  
16 excerpt from the Douglas Hearings on Consumer Buying in  
17 the United States,--and, incidentally, this touched on  
18 Canada too because the companies there are here, a lot  
19 of them -- at which William Martin Jr., Chairman of the  
20 Board of Governors of the Federal Reserve Banking System  
21 gave testimony. Here is some of it:

22               "Senator Douglas: Mr. Martin, what do  
23 you think is the general thesis on how the rates of  
24 interest should be expressed -- in annual terms or as a  
25 percentage of the outstanding unpaid balance?

26               Mr. Martin: I will have to be most  
27 honest with you, Senator Douglas. It has been most  
28 confusing to me, on a number of occasions on trans-  
29 actions that I have been involved in to try to figure  
30 out just exactly what it is.





1                   Senator Douglas: You mean the present  
2 practices are confusing?

3                   Mr. Martin: Not only the present practices  
4 are confusing, but how you figure it out is more  
5 confusing.... Then he went on to explain a little more  
6 about it.

7                   Senator Douglas: I think this is very  
8 significant testimony because you are probably the most  
9 expert man in the field of finance in the United States.  
10 In civilian life you were president of the New York  
11 Stock Exchange. You rose to be Assistant Secretary of  
12 the Treasury. You have now for many years been Chairman  
13 of the Board of Governors of the Federal Reserve Banking  
14 System. If the present practices are confusing to you,  
15 the most expert man in this country, what do you  
16 imagine they are to the average working man? "

17                   It's been said that somebody in the  
18 assembly said, "God help the working man." And I'd say  
19 "Amen" to that.

20                   In closing, I wish again to stress that  
21 the greatest percentage of our work is with widows,  
22 children, the chronically ill and the helpless which  
23 is reasonably straightforward work and it's heart-  
24 warming. And I'd like to also bring to your mind what  
25 I said before that all the debt cases that I have quoted  
26 or that I could quote -- I've got lots of them -- are  
27 not all veterans. Many civilian cases in them. I  
28 think that's about all I have to say, gentlemen, except  
29 this and maybe I'm stepping out of character a little  
30 bit in taking this upon myself, but I notice the name







1 of Mr. Simone in the press recently in connection with  
2 these hearings. Now, it's been my privilege to have  
3 dealt with this man over the years in distress cases --  
4 privilege and pleasure, I may say. In my opinion, Mr.  
5 Simone is a dedicated, honest, sincere and highly  
6 intelligent man. His downright common sense and  
7 humanitarian outlook is a pleasure to behold. We can  
8 do with quite a few more Mr. Simones in the field of  
9 human welfare. Thank you.

10 THE CHAIRMAN: Thank you, Mr. Shannon.  
11 I am sure the members of the Committee will have a  
12 few questions. We will ask Mr. Sedgwick if he has  
13 any questions he would like to ask.

14 MR. SEDGWICK: Mr. Shannon, I am sure  
15 that the Committee would want a little information as  
16 to the work that you are able to do. Does your Fund  
17 consolidate the debts of these people who are in  
18 trouble?

19 MR. SHANNON: No, they don't Your  
20 Honour. Actually, with the widows and the children and  
21 the helpless and that, our Fund -- everything advanced  
22 by our Fund -- is on an outright grant basis. Now --

23 MR. SEDGWICK: You don't expect repay-  
24 ment then?

25 MR. SHANNON: Not in those cases.

26 MR. SEDGWICK: So there is no question  
27 of interest rate?

28 MR. SHANNON: Oh, no, Heavens no.

29 MR. SEDGWICK: I see. Do you on some  
30 occasions make loans?





1 MR. SHANNON: Yes, sir, we do. No  
2 interest.

3 MR. SEDGWICK: I see. Those loans are  
4 made from the RCAF Benevolent Fund?

5 MR. SHANNON: RCAF, yes.

6 MR. SEDGWICK: Then I take it you don't  
7 particularly examine them as credit risks?

8 MR. SHANNON: Not at all. As a matter of  
9 fact we have made loans where the applicant qualifies,  
10 no doubt, for grants, but insists that no, they want  
11 to make their own way and they want a loan. We say  
12 okay. But before we ever do our Committee has already  
13 considered that as a grant. I mean they qualify for  
14 a grant or not.

15 MR. SEDGWICK: I see. I think everyone  
16 will agree, Mr. Shannon, that the evil is there. Are  
17 there any specific suggestions that you would make as  
18 to what might be done .....it could be done, I am sure,  
19 by educating people not to borrow beyond their means  
20 or beyond their possibility of repayment, but have you  
21 any specific suggestions as to what a Committee of the  
22 Legislature could recommend to the Legislature that  
23 might be remedial?

24 MR. SHANNON: Your Honour, believe me  
25 it's one thing to be an armchair construction engineer,  
26 you know, on the sidewalk telling them how they should  
27 do it. But I've given this a lot of thought and as I  
28 said before, credit buying is here to stay, no question  
29 about it, and if I choose to borrow money from any one  
30 of you here and decide to pay 150% interest and can do







1 it, that's my business. This 30% -- I've thought a lot  
2 about this and I made a few notes just in case you asked  
3 this, but I don't know what I've done here now. Well,  
4 if I could have my way I would legislate that blanket  
5 chattel mortgages on household effects would be ruled  
6 illegal as security for a cash loan, for one thing.  
7 I think the question of residual balances owing after  
8 seizure and repossession of a particular article  
9 requires minute investigation. This is the other aspect  
10 of this. There is too little care taken in its resale,  
11 for one thing. I would like to see forbidding seizure  
12 after a certain percentage of the money has been paid  
13 on it. In other words the title would devolve on the  
14 owner. After that it would be necessary to invoke the  
15 due process of law. But certainly not the present  
16 practice of repossession by backing a truck up to the  
17 door and hauling the stuff into it or the seizure of  
18 a vehicle in the yard without much ceremony. Particular-  
19 ly for something he no longer possesses and then have  
20 the right -- and this is happening -- to pursue a  
21 workman by garnishees and judgments to his grave and  
22 garnishee him out of his job. If I may give a case in  
23 point -- this just happened recently.

24 A working man bought a car and of course  
25 it was financed. His firm folded and at almost the same  
26 time he was in an accident -- I checked this. He was  
27 sent to me by a neighbour -- he was no veteran. He  
28 couldn't get another job immediately, but immediately  
29 he was out of work he was on municipal welfare. He  
30 called the finance company and told them his plight and





1 asked if he could pay \$50.00 a month instead of the  
2 \$70.00 he had originally agreed to pay. The answer was  
3 yes. Now, I saw these receipts -- but, however, we'll  
4 go on. He paid three \$50.00 payments so that's one  
5 month after the other -- three months in a row. Two  
6 days before the fourth payment was due a man came to his  
7 house and took the car away because he was behind in  
8 his payments, you see. Well, the debtor naively  
9 resigned himself to the loss of the money he had already  
10 paid on the car but some months later he received a  
11 judgment summons, which I saw, for a residual balance  
12 of \$500.00 plus costs -- one of them, I remember, was  
13 \$50.00 -- on the car. Well, this debtor claimed to me  
14 that the market price of the car at the time of seizure  
15 was sufficient to clear the balance owing, but I know  
16 this is hearsay evidence. So I referred him to the  
17 Court. I set up the submission and his affidavits and  
18 his receipt books and told him to go down and present  
19 it to the Division Court Referee and he has done that.  
20 Now, what the outcome is, I don't know. ~~Transcription~~

21 All right, I've mentioned two things, --  
22 blanket chattel mortgage security for cash loans, I  
23 think, should be outlawed; residual balances, I think  
24 that when a man has paid, or so much has been paid on  
25 the -- I don't know what it would be -- 30 or 40% --  
26 I believe there is a law in England about this -- that  
27 they cannot repossess by just threatening or backing  
28 a truck up. Those are two things. Again, too, the  
29 Unconscionable Transaction Relief Act -- I'd dearly love  
30 to see this a Federal law. It's been, well, you know,







1 it's been ruled ..... this is badly needed.

2 Another thing would be an appeal depart-  
3 ment or a pro rata department under you legislators  
4 to have the force of law behind it. Tell you one other  
5 thing, if I may. I think you would get -- I'd be  
6 willing to bet on it and I'm not a betting man. I  
7 think if -- I deal with all the Municipal Welfare  
8 Commissioners in the Metropolitan area, and they are  
9 a fine bunch of fellows, let me tell you and they have  
10 their problems, but they are dispensing taxpayers'  
11 money -- but I fully believe that -- you know it's a  
12 funny thing, a good workman devises good tools and some  
13 of them are so simple you almost overlook it -- but I  
14 would like to see a common application form, common to  
15 all Municipal Welfare Offices, so everyone has the  
16 same type of application form, put in effect. Now,  
17 I have one here that is null, it's blank. I'm not  
18 criticizing anybody, the information is all here.  
19 Gentlemen, if I in my work had to use this form I'd be  
20 lost. How a case worker can see a family's position  
21 from this, God alone knows, I don't. All the infor-  
22 mation is here but it is not in concise and easy form.  
23 For instance, this isn't the best thing in the world  
24 but I've never seen any better. Here, if we get an  
25 application we can see at a glance what the situation  
26 is. As a matter of fact, in the mail just before I  
27 came here -- this is classified -- an employer called  
28 me and said he had a chap, he was in an awful mess.  
29 So I sent him out our forms just for statistic purposes,  
30 and asked him to fill them out -- the best way to save





1 dog work, you see. Well, they had a heck of a time  
2 filling them out. I got it. I just scanned through  
3 it. The man's 40 years of age and his wife is 39, they  
4 have got 5 children and the oldest is 15 years and the  
5 youngest is 8. Look at the list of debts. 20 creditors,  
6 \$30,385.49. Now, I admit that there are two mortgages  
7 in here totalling \$17,000.00, but the rest are -- wait  
8 a minute -- three personal loans, two credit union  
9 loans, three banks, four finance companies. I just  
10 got this.

11 MR. SEDGWICK: What is his income, Mr.  
12 Shannon?

13 MR. SHANNON: I'm not sure I've got it  
14 here. Well, all right. He's renting a couple of  
15 these houses but the rent's gone sour and this will  
16 have to be investigated. He includes in this \$215.00  
17 as rent and his wife's working, \$140.00 here, and  
18 \$67.00 from extramural work -- he has listed here  
19 \$700.00 you see, well, he's got listed here as his  
20 expenses \$504.00. Well, if this is true -- I haven't  
21 checked this yet -- he's got \$200.00-odd surplus.

22 MR. SEDGWICK: And \$30,000.00 of debts?

23 MR. SHANNON: Yes, and I've got all the  
24 time payment plans he's agreed to pay here, I'll just  
25 call them off: 50, 50, 50, 40, 65, 58, 35, 50, 22, 20,  
26 50, 88 -- this is a straight case for bankruptcy, no  
27 question about it. Somebody is going to have to dig  
28 up the fees here if this man and his wife are going to  
29 live and have their children at least be reasonably  
30 happy. I just got this in the mail, as I say, I haven't





1 gone into it, but I've got the forms filled out just  
2 for information purposes, you see.

3 But getting back to this -- if a common  
4 form was put through all the Municipal Welfare Offices  
5 it wouldn't cost any money, believe it or not, it  
6 wouldn't cost any money except for printing, revising  
7 the form. If this was put in and they were analyzed,  
8 you could see at a glance what your Municipal Welfare  
9 recipient, what the trouble is. Furthermore I'd like  
10 to see that when they apply for Municipal Welfare a  
11 form letter goes out with the force of law behind it  
12 to all creditors outside of rank, you know, the  
13 necessities, no more payments until he's working.  
14 And then pro rata.

15 MR. SEDGWICK: Mr. Shannon, an eminent  
16 member of our County Court Bench suggested to me  
17 recently that there should be no garnishee of the  
18 wages of a married man unless he earns more than, say,  
19 \$60.00 a week -- now, 60 is just a figure -- it may  
20 not be fairly related to our present economy. Would  
21 that, do you think, have some effect on preventing  
22 people who should get credit from getting it if the  
23 lender knew that he would not have the weapon of  
24 garnishee unless the man earns more than \$60.00 a week --  
25 and I still say 60 is only a figure -- and then only  
26 to the amount of the excess over that?

27 MR. SHANNON: It's going to be a  
28 deterrent, no question.

29 MR. SEDGWICK: You think it would be  
30 on giving credit to those who shouldn't have credit?







1 MR. SHANNON: Well, frankly, I've had  
2 so much of these garnishees and been the means of having  
3 so many lifted that, if a man knows his rights, if a  
4 workman knows his rights he has regress, but a lot of  
5 employers do not know that a garnishee is a one shot  
6 deal. A workman, when he gets a garnishee, he thinks  
7 the law is against him, you see, when the law is really  
8 for him if he goes before them. It would probably be  
9 a deterrent, but I think the greatest deterrent that  
10 I could ever think of is ruling out blanket chattel  
11 mortgages on household effects as security. Boy, they  
12 would be careful then.

13 MR. SEDGWICK: That's all I have.

14 MR. BUKATOR: The most recent case  
15 that you received in your file --

16 THE CHAIRMAN: Would you speak up a  
17 little bit?

18 MR. BUKATOR: The most recent case you  
19 received in your files, this one that you speak of  
20 with the man telling you he had an income of about  
21 \$700.00 and he has to pay out well over \$500.00, you,  
22 in your position, what can you do for him?

23 MR. SHANNON: As I said, this man is not  
24 a veteran. I was called in by his employer and I said,  
25 "First of all, let's get the facts". Well, we got  
26 the facts. This man will never get out of this as long  
27 as he's a foot high. I talked to the employer and I  
28 said, "What sort of a chap is he? Does he drink?"  
29 "No," he said, "he doesn't -- a hard worker". But, he  
30 said, "He's a big operator". I thought he was, so





1 what's he do, you see, he buys -- extramural -- he tries  
2 to go into some business venture and then he buys a  
3 couple of houses which he shouldn't have bought -- one  
4 is a duplex, you see. Well, this man will never get  
5 out of this and the only thing we could suggest to him  
6 is application and personal bankruptcy, wind up his  
7 assets if these houses happen to be worth money, well,  
8 you don't know, the creditors might get something, but  
9 he'll never get out of it. That's the only answer to  
10 this one.

11 MR. BUKATOR: As a veteran that you  
12 would service, his case, if he happened to be, what  
13 would you do in that position to help him?

14 MR. SHANNON: Bankruptcy.

15 MR. BUKATOR: You would recommend that  
16 he go into bankruptcy?

17 MR. SHANNON: That's right. We would  
18 probably pay the fees.

19 MR. BUKATOR: You are talking about the  
20 man who bought a house, mortgaged the home to buy a  
21 car, financed the car to build a garage and then said  
22 it ought to be good for gasoline. Just -- I'd like  
23 to learn, you see, I'd like to go back to the people  
24 in my constituency and tell them how to get out of  
25 these problems. What would you do for him?

26 MR. SHANNON: What we do, as I said, we  
27 first take our application form. Now, if it's capable  
28 of solution -- after all our, we believe that a man  
29 obtains obligation, incurs debt, he should pay to the  
30 limit of his ability and his resources to do so. We take







1 it down, and this is a laborious procedure, take it  
2 down and you find out who the creditors are, find out  
3 what his surplus is, you assess it as to whether or not,  
4 on a pro rata basis on his surplus that he can eventually  
5 pay off his debts. Now there are cases where on a  
6 pro rata basis he'll never even pay the interest, you  
7 see, but if it can be done -- I've had dozens of these --  
8 go and file a proposal to the creditors, tell them the  
9 story, give him a copy of his budget and of his  
10 creditors, enough copies to go and see them all, too.  
11 All right, if they go along we ask them then will they  
12 wipe off interest if he is not going to liquidate his  
13 debt in any other way. Well, now then, seven years  
14 ago they wouldn't listen to me but now, pretty well  
15 because if there are children involved there is no  
16 answer to this. Just like a man who I just quoted to  
17 you there. He was in a psychiatric hospital twice and  
18 his wife was under psychiatric treatment and the children  
19 were suffering. One of the girls couldn't handle it,  
20 she was unhappy at home, and so on. They have changed.  
21 I've wandered a little here, but we would do one of  
22 about four things. If it's an armed veteran, all right,  
23 his grandpa's got \$200.00 to pay for bankruptcy fees.  
24 Well, he has come forward and done so, you see. Because  
25 if it's hopeless you are just making juvenile delinquents  
26 out of the children in many cases because, Heavens, it  
27 leads to excess drinking, fighting between the man and  
28 his wife and Heaven knows -- it's like the chicken and  
29 the egg, you don't know which comes first sometimes in  
30 these cases, whether drink started the debt or the debt





1 started the drink. It often does. We have a lot of  
2 alcoholics that are now recovered and being useful  
3 citizens, a lot of them. Civilians and veterans alike.

4 MR. BUKATOR: Mr. Shannon, you are the  
5 Secretary of the Benevolent Fund and you have quite a  
6 staff that you work with?

7 MR. SHANNON: No, there is just two of  
8 us.

9 MR. BUKATOR: How many cases would you  
10 handle in a year, let's say?

11 MR. SHANNON: Last year I handled  
12 slightly over 600. Mind you they are not all like this.

13 MR. BUKATOR: That would be 50 cases  
14 a month, about 12 a week?

15 MR. SHANNON: Yes.

16 MR. BUKATOR: You've got your hands full,  
17 have you not?

18 MR. SHANNON: Well, my wife just told  
19 me the other day, she said, "You've got to cut this  
20 out, coming home on weekends with all these papers  
21 and working our pro ratas". She said, "I want to have  
22 you around here." I think she will. It kind of  
23 exhilarates me.

24 MR. BUKATOR: You are paid by the  
25 Federal Government?

26 MR. SHANNON: No, I'm not. I'm not  
27 a Civil Servant.

28 MR. BUKATOR: How --

29 MR. SHANNON: Well, our Fund, you see,  
30 the money supplied to our Fund was from excess canteen





1 profits of World War 11 plus some prize money obtained  
2 through vessels sunk by the British the government gave  
3 us and today the serving -- you see it's a two-bodied,  
4 one-headed organization. The service people, service  
5 members of the RCAF have access to the Benevolent Fund  
6 and that is a little different, because they can make  
7 loans there in cases because you do have security against  
8 a pension refund, you see. In our job, in the civilian  
9 end of the deal you just have to look at it coldly in  
10 the face and discover whether or not it should be a  
11 grant, because the people can never pay. There's doctor  
12 bills, hospital bills and excess things that we do pay  
13 and, of course, we get a cut on those, but that's where  
14 out money comes from and -- as a matter of fact a  
15 matter of interest last year, through negotiations  
16 personally -- these are the blood, sweat and tears --  
17 our office, or the two of us there, a lady and myself --  
18 I do the negotiating, of course -- we had wiped off,  
19 debts wiped off in excess of \$135,000.00, which didn't  
20 cost the Fund anything or the people, you see.

21 MR. SEDGWICK: You mean the creditors  
22 gave up?

23 MR. SHANNON: That's right. The point  
24 is this, you see, if a creditor -- and some of them  
25 get nasty, not many -- but if you present a factual  
26 case to them and say, "This just can't be done" -- all  
27 right, you pursue a woman, her husband's died and he's  
28 got her signature on a lot of loans so they get after  
29 her. Now, I had one the Salvation Army referred to me.







1 She was in the hospital with a body rash, a terrific  
2 body rash, the doctor told me it was nothing but  
3 nerves, so I got hold of her. So I started one by one  
4 going after the creditors -- nicely. I said, "You might  
5 as well wipe this off and save us the trouble of  
6 coughing up fees in bankruptcy because that's what  
7 we'll do". Anyway, her signature isn't worth the  
8 paper it's written on because her husband was an  
9 alcoholic and she did this under duress and there is  
10 plenty of proof of it. She goes before the Court, in  
11 my view nobody will pin her to pay that, which she  
12 cannot pay. She is now working as a -- amazing, we  
13 got this off her neck, we paid a little bit, I know we  
14 did, we paid a month's rent and got her children  
15 together because they were spread among other people,  
16 and she had been a nurse. We encouraged her to take  
17 a refresher course, and the Fund paid for it, it wasn't  
18 much, and she's an industrial nurse today and you should  
19 see her. She's gained about 20 pounds and you would  
20 never know her. She'd come before you and tell you. I've  
21 got a lot of them that would.

22 MR. BUKATOR: How much money would your  
23 group spend in a year in behalf of these veterans and  
24 widows?

25 MR. SHANNON: I should have brought that  
26 with me. I have the figures, all across Canada. I  
27 wouldn't want to make a statement on that simple because  
28 -- I'd be glad to give you the balance sheet and show  
29 you because there is 144 Committees across Canada, there  
30 is only three paid ones, paid Secretaries, I'm one and





1 there is another one in Montreal and one in Vancouver.  
2 But there is 144 Committees across Canada for the Fund,  
3 you see, and there is quite a coverage.

4 THE CHAIRMAN: Mr. MacDonald?

5 MR. MacDONALD: Mr. Shannon, you are  
6 undoubtedly aware that at the Provincial level we have  
7 no control over interest rates and therefore we may well  
8 be restricted exclusively to full disclosure. Now, we  
9 have been told by a number of witnesses before this  
10 Committee that full disclosure is not necessarily going  
11 to meet your problem because no matter how high the  
12 interest rate is, no matter how much money they have  
13 to pay, if the monthly payment looks like something they  
14 can handle they will get sucked in on the deal. Has  
15 that been your experience?

16 MR. SHANNON: Absolutely.

17 MR. MacDONALD: Well, that leads perhaps  
18 beyond our jurisdiction but I'd like to explore it for  
19 a moment. This presumably involves controls or  
20 regulations of some sort. Is a fixing of an interest  
21 rate, an annual interest rate -- as a banker this would  
22 be back in your field -- or is it possible to explore,  
23 from your experience, the proposition of the amount of  
24 debt being a certain percentage of assets or income so  
25 that beyond that they can't get drawn in any further?  
26 Have you specifics, that is?

27 MR. SHANNON: This is certainly a wide  
28 subject and, believe me, I don't pose as any expert, as  
29 I told you. But there is a certain percentage of people,  
30 you are right, that as long as it's \$20.00 a month they







1 couldn't care less. At least they don't know. They  
2 want the freezer because they have been sold it, you  
3 see, or they want the car or they want the boat or  
4 whatever it is. So there is a certain percentage of  
5 people that it wouldn't matter, they'd buy it anyway  
6 if they could get it. But a fixing of interest rates --  
7 of course, it seems absolutely fabulous to me that I  
8 couldn't go to buy a product and have the full price  
9 told me what it cost for that product. I can't see  
10 why that can't be done. However, everybody is agin it  
11 as you well know. I don't think --

12 MR. BUKATOR: Except a few on this  
13 Committee.

14 MR. SHANNON: Well, the point is that  
15 there are some people who, if they saw what they were  
16 doing they sure would stop because this -- for instance  
17 this lad who had the six children with 18 creditors  
18 and he was in and out of the hospital and his wife was.  
19 Now, he came in and said, "Well, I just can't, I wonder  
20 if you would fill this form out for me, Mr. Shannon",  
21 and I said, "No, this is part of the therapy". I said,  
22 "Look, we want you to do it to the best of your ability".  
23 Well, he took it home again, they always do that -- they  
24 are in trouble, you see. He took it home and when he  
25 brought it back in I looked at it, and while I was  
26 looking at it he said, "You know, Mr. Shannon, when I  
27 saw that" .... and he put his hand to his head and he  
28 said, "I doggone near had a heart attack. I had no  
29 idea". I said, "How did you get into this mess?" "Gee",  
30 he said, "I wish I knew. I was never refused a loan





1 anywhere I ever went". But this, as I say, some of  
2 the simplest things are the easiest things to do. Have  
3 them fill out a form themselves that is concise and easy  
4 to read and then you can check it. If he's lying you  
5 can find out, because if he's been garnisheed out of a  
6 job and he says his past income was so much and he  
7 has such and such a surplus, you say, "Well here, you  
8 had enough to pay this, where did the money go?" Well,  
9 you know, you see, well, it's none of my business.  
10 "Do you drink?" "Oh, no, I don't drink very much".  
11 "How much do you drink?" "About a case a week". "Well,  
12 that's about \$10.00 a month". "Do you smoke?" "Not  
13 very much, a package a day". "Does your wife smoke?"  
14 "Yea, about the same". That's another twenty so there  
15 is thirty in our sundries, you see. The point is,  
16 where did the money go. Now, if he was garnisheed and  
17 didn't have the money where did it go? And then I say,  
18 "Look, you've got other debts here, surely you have. You  
19 wouldn't have fallen in this way". Well, then they  
20 break down and tell you. But this form -- as I say, I  
21 didn't invent it -- but believe me if they are not  
22 telling you the truth, and they are scared to sometimes,  
23 Bless them, you can pick it off, you see. And I think  
24 if this was ever put in believe me you would get some  
25 information that would save the taxpayers thousands  
26 of bucks.

27 MR. MacDONALD: Mr. Chairman, could we  
28 get some of these forms with the rest of the information  
29 that Mr. Shannon is going to provide for us such as  
30 the amount of money spent last year? You are going to





1 submit that to Mrs. Dell?

2 MR. SHANNON: I tell you, I'll send  
3 her one of our six-monthly reports. I should have  
4 brought it with me, I'm sorry. Here's the point, though,  
5 if you judge any Social Service Agency by the amount  
6 of money they spend, that's one thing. This isn't a  
7 business organization. You probably best judge them  
8 by the amount of money they save, you know? You can't  
9 relate this to dollars and cents of expenditures.

10 MR. MacDONALD: But specifically you  
11 have no comment on whether or not a fixing of interest  
12 rate levels or percentage of assets or income beyond  
13 which they cannot go in borrowing?

14 MR. SHANNON: It would help, if it could  
15 be done. How it could be done, Mr. MacDonald, I haven't  
16 the faintest conception because there's so many ifs,  
17 ands, and buts. Why the bill can't get through to  
18 specify this -- I guess I know, but I'll never know  
19 really. It seems just ordinary common sense. As a  
20 matter of fact, this blanket chattel mortgage -- now,  
21 many of you gentlemen here maybe know more about this  
22 than I do -- in my view should be ruled out, simply  
23 because the Mortgage Act was changed years ago. One  
24 time I think you could take my house, foreclose it,  
25 sell it, and then sue me for the residual balance. You  
26 can't do that now. If the house is foreclosed, that's  
27 that. Why should it be on a conditional sale, why  
28 shouldn't that be the same? After you pay a certain  
29 percentage, you see?

30 THE CHAIRMAN: Any questions, Mr. White?







1 MR. BELANGER: Well, yes, I was  
2 quite interested in some of the things Mr. Shannon was  
3 saying here. These budget forms which you have there,  
4 are these things which you are presenting to the people  
5 that come to you?

6 MR. SHANNON: That's right.

7 MR. BELANGER: They try to follow this  
8 budget form if it would be helpful to them?

9 MR. SHANNON: Mr. Belanger, well I'll  
10 tell you. When people come to us who are in trouble --  
11 very seldom do we get anybody coming to us before  
12 trouble is acute. Now, to get the information which  
13 we need, we say, "All right, this is fine. Will you  
14 take this and fill it out in your own way"? Now,  
15 when they bring it back -- about, I don't know what  
16 the percentage is, but a number of them will be way  
17 off. They'll have a man and his wife and two kids and  
18 they'll have done \$180.00 a month for food. All right,  
19 you start right in there and say, "Where does all this  
20 money go"? Well, he doesn't know, he just guessed, you  
21 see, and his wife doesn't know. We bring her in and  
22 we, incidentally, can steer them on this by this. The  
23 Visiting Homemakers -- and you can get on their list --  
24 issue -- here it is -- pricing by the Visiting Home-  
25 makers Association, a participating agency in the  
26 Community Fund. Food lists meet the standard for  
27 Canadians as recommended by the Canadian Council on  
28 Nutrition. Here they give costs if you buy properly  
29 and a vitamin balanced food budget for the kids, you  
30 see. Now, on the back they even break it down every





1 three months here and they show nutritive food, whole  
2 milk, home delivery, whole milk store purchased by the  
3 jug, skim milk powders etc. It shows what you can buy  
4 here and they will give them menus with an eye to  
5 vitamin food balancing and an eye to dollar economy.  
6 We use this chart. You can pick up here about how  
7 much a man should spend and show it to him, give it to  
8 him, you see? Well now, maybe I'm wandering a little,  
9 but this is very useful. All right, we correct the  
10 food budget. The wife -- maybe we refer her to the  
11 Visiting Homemakers and the dietician talks to her and  
12 shows her how she can buy if she has been buying  
13 stupidly, you know, box cereals, which is the highest  
14 price thing you can buy and has not much more food  
15 value except the milk you put on it. But then, all  
16 right, we get down to his clothing. He says he spends  
17 \$60.00 a month on clothing. Well, that's ridiculous.  
18 We can tell him where to go, because I've done a lot  
19 of horse trading, to get good clothing, sometimes used  
20 clothing, sometimes warehouses. Well, he wouldn't  
21 spend \$60.00 a month, you see, if he's only got three  
22 of them. Well then you get down to his hydro bill --  
23 he'll put in there \$35.00 a month maybe. So you say,  
24 "Wait a minute, do you pay \$35.00 for your hydro? What  
25 area is it in?" "Well, I think I do". "Just a minute,  
26 it shouldn't be more than \$11.00 in that area". "Oh  
27 gosh, no, that's right, this was a three months' bill,"  
28 or whatever it happens to be, you see. In other  
29 words you check this and correct it. He'll put in \$100.00  
30 for sundries, where does this go? Well, living







1 comfortably you get to know if you are trained in this  
2 or you have done thousands of them, as I have, you can  
3 call it. If you live decently and carefully and  
4 comfortably his sundries would be so much, you see.  
5 Well then it's a simple matter to get the unemployment  
6 insurance deductions and all the rest of it. You see  
7 his paycheque slip and so on, the hospital coverage  
8 and so on. All right, you check it up. Now he's made  
9 to think when he writes this out and you correcting  
10 him, he thinks more. So you give him a copy of it and  
11 say, "Now look, you go back, or bring your wife in, see if  
12 you can't keep this budget now. I can give you a case  
13 of a chap -- he would be glad to come here, I know --  
14 he came to me owing over \$5200.00, he had eight  
15 youngsters and his wife had just had a kidney removed  
16 and he was out of a job. He didn't want to go  
17 bankrupt and he didn't. That was six years ago. I  
18 wish he were here. Today that fellow is within \$300.00  
19 of paying all this off, he's in business for himself  
20 and he's hired four men and he's a changed man, no  
21 question about it because he stuck to the budget. That  
22 truck driver I mentioned there with the nine children.  
23 He and his wife stuck to their budget. They are out  
24 of the woods right now.

25 MR. BELANGER: That's what I was going  
26 to ask you. How many of your people that you, you  
27 know that you suggest these things to, and they have  
28 followed it? How much do you follow them to see that  
29 they --

30 MR. SHANNON: Dozens of them, Mr. Belanger.





1 MR. BELANGER: I happen to believe that  
2 it is one of the problems why people go into indebted-  
3 ness, they do not budget their income.

4 MR. SHANNON: That's right, they don't  
5 know where it goes. And they also, the women, yield to  
6 the brandishments of the guy that comes. One woman  
7 bought \$35.00 worth of silver from some outfit and  
8 she said, "Well, I couldn't get rid of him so I signed".  
9 Well, we got that cancelled, you see.

10 MR. BELANGER: When people are -- do  
11 they come to you or are they referred to you -- and it's  
12 only strictly to serve the people?

13 MR. SHANNON: That's my job, yes.

14 MR. BELANGER: And strictly to the RCAF?

15 MR. SHANNON: That's right. But I have  
16 a counterpart -- my counterpart in the Army is Mr.  
17 Ranney -- and again I deal with all the Social Service  
18 Agencies here. I get into an awful lot of cases that  
19 aren't ours.

20 MR. BELANGER: I think we asked for  
21 certain recommendations you perhaps could make -- what  
22 would you say to a recommendation such as this? When  
23 a person or a company disposes of any chattel (rest of  
24 sentence inaudible) ..... What would you think of  
25 a thing like that?

26 MR. SHANNON: I'm sorry, I guess I'm a  
27 little stupid, I just couldn't give you an off the bat  
28 answer on that because I don't know, Mr. Belanger. I  
29 really don't know. I wish I did.

30 MR. BELANGER: Do you think that it





1 would ... (rest inaudible)

2 MR. SHANNON: It might, I don't know.

3 But here's the thing, you see, I'm speaking of the  
4 group that unwisely use credit, you see. Now, what  
5 I feel, very definitely, is this blanket -- I go back  
6 to it again like a cracked record -- this blanket  
7 security on household effects, the threat of this is  
8 devastating. Now, in my view, if that was wiped out  
9 certainly the credit grantors would be much, much  
10 more careful of granting credit to those who shouldn't  
11 have it, you see? I think if we -- of course, I  
12 could be definitely wrong here, but -- I think if we  
13 get into complicated Acts we confuse the issue because,  
14 all right, let's face it, if credit buying was stopped  
15 right now, even on cars -- I saw some figures on that  
16 and maybe you people have too -- it would just be  
17 devastating. The "Dirty Thirties" would look like a  
18 Sunday school picnic. I mean these are things that  
19 have all kinds of repercussions. But to the man who  
20 can pay and wants to pay and doesn't care how much he  
21 pays, that's his business. If I want to go out and  
22 could go out and buy a Cadillac and buy my wife an  
23 \$8,000.00 mink coat, nobody could say, "Nay, nay",  
24 because I've got the money. I might be gypped, but  
25 that doesn't matter. But to the man who is working  
26 and who yields to these blandishments that I have  
27 just listed here, every day, Buy Now, Pay Later, Cash?  
28 Just Say the Word. Just a minute -- this, I think --  
29 this is the sort of thing. I consider this an  
30 invasion of my privacy. This is addressed to me,







1 gentlemen, H. B. Shannon, 461 Mannis Road .....  
2 and on the letter it says: "Postmaster, if the addressee  
3 has moved" -- get this -- "please deliver to the new  
4 resident." Do you want this? I'm going to do something  
5 about it -- well, nothing drastic -- but I'm going to  
6 tell them. This is from a finance company and here's  
7 my private account where I can -- there is available  
8 to me \$2,500.00 to consolidate my debts. Here's the  
9 letter. I've got an account number on it yet. You see?  
10 "How do you open a personal credit account? It's easy.  
11 Just (1) fill in the identification card " and so on  
12 and so on and so on. Your troubles are over. Well,  
13 all right, I called them and I spoke to a very nice  
14 chap, a lawyer there. I said I was a citizen and it  
15 didn't matter much about my name but what was my  
16 position about this. Supposing I just left this in  
17 my home or threw it in the garbage and somebody got it.  
18 Did I have any responsibility? Well, he said, it  
19 could put you to an awful lot of trouble, maybe.  
20 Supposing somebody -- the new addressee -- got this  
21 and he's a bum in my house. And the next thing I know  
22 he goes down and says he's H. B. Shannon, 461 Mannis  
23 Road, and the first thing I know I get a whole list  
24 of charges in my name. Sure, I'd have to go down and  
25 prove it, maybe I'd have to hire a lawyer and all the  
26 rest of it. He said the fact that I accepted this  
27 involved some responsibility. This shouldn't be  
28 allowed. I get all kinds of these. Here's another one.  
29 Money to consolidate your debts. It comes in this  
30 form -- financial help, open here.





1 MR. BELANGER: What would be your  
2 suggestion to ....(rest inaudible)

3 MR. SHANNON: God knows, I don't.  
4 (Laughter). Look, here's what they say. "If you can  
5 pay \$128.84 a month you can borrow \$5,000.00". So  
6 I called them up -- I always do -- (Laughter) They  
7 want a mortgage on my house, you see. So I figured  
8 it out and you pay back \$7,730.00 on a 60 months  
9 basis. I also figured it out on a demand loan from a  
10 bank. You could pay it off in 48 months if you could  
11 pay the same amount on a 6% -- you'd pay less than  
12 -- \$1,500.00 less interest, you see.

13 MR. SEDGWICK: How much did you borrow,  
14 \$5,000.00?

15 MR. SHANNON: It says here you may  
16 borrow \$5,000.00 if you can repay it monthly at  
17 \$128.84.

18 MR. SEDGWICK: How many months --

19 MR. SHANNON: They told me on the phone  
20 60 months. That could be subject to saying we never  
21 heard of this guy, you see. You know what I mean.  
22 But this comes through the mail in scads. Well, to  
23 the naive it sounds mighty nice.

24 MR. BUKATOR: That first one, Mr.  
25 Shannon, that you held up, -- a friend of mine that I  
26 lost track of many years ago, happens to be a lawyer  
27 in the City here and he had one of these sent to him  
28 too by this particular group. I don't know whether  
29 that young Reporter behind you is going to quote that  
30 Company or not --







1 MR. SHANNON: I didn't mention it.

2 MR. BUKATOR: He happened to see it  
3 anyhow. But I know this particular group and the  
4 percentage is much greater than they would indicate.  
5 They talk 7% but it winds up around the 34% mark and  
6 they give you this spiel and they send you your card  
7 with your number on it and then they go on to say that  
8 you can borrow so much, or you may borrow so much, and  
9 you only pay it back so much. It's very simple, but  
10 when you calculate the thing through and it's a type  
11 of advertising that we have complained about in this  
12 Committee. Now, I didn't know whether I should bring  
13 my copy of the letter here from the lawyer to show you  
14 how he handled the matter, but it was a masterpiece of  
15 telling them off. But I didn't think we would be  
16 dealing with that. I may have it here tomorrow and if  
17 the opportunity presents itself, Mr. Chairman, I would  
18 like one of the more capable one of you of this  
19 Committee to read that letter. It's a masterpiece of  
20 telling this particular group of loan sharks off and  
21 he did a very good job.

22 MR. SHANNON: I'm sending this back,  
23 registered mail, and asking for an acknowledgment.  
24 There is some responsibility on my part for accepting  
25 it, you see? They do say that this doesn't mean you  
26 have got an account now, but when they say to the  
27 Postmaster to give it to the new resident I think this  
28 is going a little too far.

29 MR. BELANGER: The type of work that you  
30 are doing, you say that you sometimes do loan out money





1 and you do not charge interest?

2 MR. SHANNON: That's right.

3 MR. BELANGER: Who makes the decision,  
4 the Board that you have or do you make it yourself?

5 MR. SHANNON: No, no. I get the facts,  
6 it's open to a check by our Committee members, but  
7 believe me, being an old dog at this I don't get them  
8 unless they are right, and make up the presentation  
9 and say that it appears that one of two or three, or  
10 one course may be pursued and is submitted for your  
11 consideration. They look it all over and if there is  
12 any more facts they want they send it back to me and  
13 say, "Will you clarify so and so". Well, I usually  
14 have correspondence to support it, you see, and then  
15 they make the decision.

16 MR. BELANGER: (Question inaudible)

17 MR. SHANNON: Not necessarily, no.  
18 Anybody can be on the Committee, but they make their  
19 recommendations and send them to Ottawa. It doesn't  
20 take long, and Ottawa has a Central Committee there who  
21 are well versed in this sort of thing.

22 MR. BELANGER: I was going to say, suppose  
23 somebody knows a member of the Committee quite well and  
24 then you say, we want this, and it goes through and then  
25 this fellow afterwards, you know, you can't just carry  
26 on -- who is responsible? Who is the loser in all this?

27 MR. SHANNON: Well, you see, every  
28 advance our Fund makes is from the point of view of  
29 "Does the applicant qualify for a grant", first. If  
30 they do, all right. It's a grant to begin with. Now





1 if they insist that it be a loan, this is to help tide  
2 them over a period. Ours is not a pensionable fund, it's  
3 an emergency fund to keep them over a period until they  
4 get on their feet. We get jobs for chaps or widows  
5 and all kinds of things. I could sit here for three  
6 days and take cases, each one is different, there is  
7 no two alike. But we are not just throwing money  
8 down a drain.

9 MR. BELANGER: (Question inaudible)

10 MR. SHANNON: Oh, sure. Often we --

11 MR. BELANGER: It's not the same as  
12 a Welfare Agency then?

13 MR. SHANNON: Pardon?

14 MR. BELANGER: Its' not the same thing  
15 as a Welfare Agency?

16 MR. SHANNON: Well, no, because they  
17 don't do that, you see. They don't make -- well, they  
18 do make grants but -- anything our Fund does, from the  
19 beginning, do they qualify? If they do, fine. Then  
20 we maybe pay a month's rent or pay doctor bills and  
21 so on. But the loan aspect of it, you know right from  
22 the beginning that this is a grant to begin with. Now  
23 some people do repay. They want to and that means they  
24 have got on their feet. But in the final analysis we  
25 convert them to a grant because that is what it is.

26 THE CHAIRMAN: Mr. Hoffman?

27 MR. HOFFMAN: Yes. I think I have one  
28 thing here that is, maybe, a misunderstanding on my  
29 part. Mr. Shannon spoke of there were some people  
30 who could not have credit and following that there







1 was veterans who suffer anguish because of their debts.  
2 Are those two groups one and the same or are they two  
3 separate groups?

4 MR. SHANNON: Again, it is hard to  
5 generalize, but I would say generally speaking they  
6 are one and the same. In other words, to those who  
7 went through the Dirty Thirties, we didn't have credit,  
8 so what did we do? I know personal references are in  
9 very bad taste, but my father died when I was quite  
10 young in a little town here in Ontario. There was no  
11 wildfire, there was no nothing. My father had a note  
12 and my mother sold the place we had and we paid off  
13 the note and as a kid I swept out stores and God knows  
14 what else, but Mother never had to work but it sure  
15 as heck needed your ingenuity, you know. Well, what  
16 I am getting at is this. It's the easiest thing to  
17 do to borrow money. Now, if people who shouldn't have  
18 it and have no ability to repay were denied access to  
19 credit they would do something else. They would either  
20 increase their salary or see the futility of going  
21 on the way they were, cut down their expenses, their  
22 overhead or both. This has happened. And there is a  
23 certain group that shouldn't have credit because it is  
24 a complete and irrevokable disservice to them. Now,  
25 mind you, this is free enterprise. We can't curtail  
26 it, I know, but when you have a person come in to you  
27 who has three times consolidated his debts with various  
28 finance companies and then comes in to us and wants  
29 us to consolidate them again. Each time he has more  
30 creditors cause he can't withstand the blandishments of





1 easy credit. It's hopeless.

2 MR. MacDONALD: You really mean that,  
3 that you can't curtail it? If it produces this kind  
4 of a result, do you really believe that it can't be  
5 curtailed?

6 MR. SHANNON: Wait a minute. This isn't  
7 curtailed right now, the way it should be probably.

8 MR. MacDONALD: Your comment was this  
9 is free enterprise and can't be curtailed.

10 MR. SHANNON: Oh, well, no. What I  
11 mean to say is free enterprise -- this can be argued,  
12 I shouldn't say this, it can be argued -- in a free  
13 enterprise economy each man can make his own way  
14 toward being a tycoon or whatever. Well, some fellows  
15 try and they fall and fail miserably. No, no, I didn't  
16 mean it couldn't be curtailed. Maybe that was a -- I  
17 didn't mean it that way. It probably can be curtailed  
18 but to refuse or to restrict credit is quite a thing,  
19 isn't it? The point is I think the grantors should be  
20 more careful.

21 MR. HOFFMAN: Then these people do  
22 fall into two different groups actually; there are  
23 those who fail to recognize the responsibilities  
24 involved and there is the other group who help increase  
25 their mental ability to -- (inaudible)

26 MR. SHANNON: Yes (inaudible) ... it  
27 does fall into those categories among others, there's  
28 no question about that. One thing that bothers me  
29 is a certain group of medical doctors, for instance,  
30 put their bills in the hands of collectors. I saw







1 recently where the Medical Association took this up  
2 and said it was not ethical but it still happens.  
3 It's pretty grim when a man (inaudible) and then he  
4 has collectors hounding him and they will call him at  
5 all hours of the day and night.

6 THE CHAIRMAN: Mr. Hamilton? Mr. Noden?  
7 Mr. Reilly?

8 MR. REILLY: Yes. I was interested  
9 because of the emphasis you put on the blanket house-  
10 hold chattel. Are you suggesting then that the credit  
11 should be restricted to the item itself, the refrig-  
12 erator, a stove, rather than a whole group of items?

13 MR. SHANNON: That's right.

14 MR. REILLY: The other item that I was  
15 particularly interested in, Mr. Shannon, was the  
16 seizure, the repossession. Several members appeared  
17 before this Committee and told us this was a thing of  
18 the past. Now, it could be in the case of an  
19 automobile.

20 MR. SHANNON: Yes.

21 MR. REILLY: But otherwise repossession  
22 was relatively unknown now.

23 MR. SHANNON: That's probably right.

24 MR. REILLY: Is that your experience or  
25 not?

26 MR. SHANNON: Yes. You notice I  
27 emphasized the threat of seizure, not so much the  
28 seizure but the threat of it. What has happened --  
29 a woman alone in the house with her family, a fellow  
30 comes to the door and says, "If we don't get \$20.00 from





1 you by eight o'clock tonight, I'll back a truck up  
2 to your door and take your furniture". My Heavens,  
3 I know one woman who raced to the Children's Aid and  
4 the Children's Aid called me and where should she put  
5 her children. I said, "What's the trouble?" So she  
6 told me and I said, "Tell her. Send her down. Tell her  
7 not to let them in." So the poor thing came down and  
8 she was all jittery and tearful. I said, "Look, my  
9 dear, now just calm yourself. What did he say?"

10 "He'd back a truck up to the door and  
11 take my furniture at eight o'clock tonight."

12 I tell you what you do. Her husband  
13 wouldn't be home, he was on shift work. You just go  
14 home and just don't let anybody in.

15 She said, "I can't stop them".

16 I said, "Oh, yes you can. Don't let  
17 them in. You tell them they can't come in here. If  
18 you bring a policeman in a uniform I'll speak to him  
19 because that's the only force of law that you can  
20 recognize.

21 But she said, "He's got his credentials  
22 there."

23 I said, "You're not an expert in forgery,  
24 don't let him in." I've advised dozens of them that  
25 way, but they don't do it. In the meantime what I do  
26 is call up the outfit and say, "I understand this is  
27 what you man said", and he says, "Oh, he never said  
28 any such thing". Well, okay, this woman is petrified  
29 and fearful and she wants the Children's Aid -- thought  
30 she was going to be out, you see. And so on, this sort





1 of thing.

2 MR. REILLY: Well, back to your threat  
3 of seizure, rather than actual --

4 MR. SHANNON: That's right, that's  
5 right.

6 MR. REILLY: The third point I was going  
7 to ask you about, Mr. Shannon, was this. These cases  
8 are all extreme cases that you have. They have gone  
9 the limit when they come to you in most instances?

10 MR. SHANNON: Pretty well.

11 MR. REILLY: Now, you told us about  
12 20 creditors and they have maybe two or three personal  
13 loans and a couple of Credit Union loans and three from  
14 the bank and four from finance companies. Are you  
15 suggesting that they don't check from various competi-  
16 tive finance companies to find out whether they have  
17 loans with them or not?

18 MR. SHANNON: They couldn't have, they  
19 couldn't have. Now, just recently, they set up what  
20 is supposed to be a clearing house but look, that isn't  
21 a clearing house for all credit. They just couldn't  
22 check. Of course, here we get into another case. What  
23 happens with a finance company Manager. I think I  
24 know what happens. I wouldn't want to make a factual  
25 remark here, but all right, they are in business to  
26 loan money, right? So if the Manager is there and he  
27 doesn't loan his quota, well, somebody else will do it  
28 I would think, wouldn't you?

29 MR. REILLY: The record has something to  
30 do with it, all right.







1 MR. SHANNON: Not all creditors -- I have  
2 very phenomenal luck with creditors, I must say, and a  
3 lot of them are very cooperative when they know these  
4 things. As I said, seven years ago I didn't have such  
5 an easy road in this respect. I do now because I  
6 think at one time, one year, I appeared 15 times  
7 before the Division Court Referee on a presentation,  
8 a budget and debts owed and a suggestion to the Court  
9 that this man could pay so much. Well, I was awfully  
10 careful to be sure of my facts because if a man can  
11 pay so much and he's got a family to support, that's  
12 his first responsibility and no judge in the land will  
13 rule otherwise, never have. But people don't know  
14 their rights. For instance, of letting somebody in.  
15 And again, some employers don't know that a garnishee  
16 is a one shot affair and they will keep continually  
17 taking it out, you see. Well, we can check that.  
18 I hope I haven't confused you, as I confuse myself at  
19 times here, but there is so much involved here. It's  
20 awfully difficult to give a true picture because there  
21 is no rules. Each case is different. Sure, there is  
22 deadbeats, there is no question about that. But they  
23 shouldn't be loaned money in the first place. They  
24 could easily have found this out if they had a system  
25 of an application form where you could say, "You don't  
26 need this money", or, "You've got two months now, you  
27 better go to your creditors, because you can pay one  
28 place you can pay the rest of them", you see?

29 THE CHAIRMAN: Do you have any questions,  
30 Mr. Letherby? Do any of the other members of the





1 Committee have questions?

2 Well, Mr. Shannon, the factual infor-  
3 mation you have given us today certainly will be very  
4 helpful because in the light of your experience in this  
5 field and some of the cases you have told us about are  
6 quite extreme and it just shows what can happen to  
7 people when they get in over their heads financially.

8 MR. SHANNON: They are not unusual,  
9 Mr. Price.

10 THE CHAIRMAN: Thank you very much  
11 for coming. We appreciate your appearing before us.

12 MR. SHANNON: Thank you. I do appreciate  
13 that. I hope the roof doesn't fall in on me as a  
14 result, however, I'll take that chance.

15 THE CHAIRMAN: I don't think so.

16 Well, gentlemen, this meeting stands  
17 adjourned unless there is anything further and we  
18 will reconvene tomorrow morning at ten o'clock.

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